

THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA

In Re:
Daniel S. Miller,

Bankruptcy No.: 04-60106
In Proceeding Under
Chapter 11

Debtor.

**MODIFIED
DEBTOR'S PLAN OF REORGANIZATION
DATED AUGUST 4, 2004**

ARTICLE I
DEFINITIONS

A. Defined Terms. The following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined) whenever used in the Plan.

"Effective Date" means thirty (30) days following the date of entry of a Bankruptcy Court Order confirming the Plan pursuant to §1129 of the Bankruptcy Code.

"Liquidation Proceeds" means all net proceeds realized from the sale, disposition and liquidation of all non-exempt property of the Estate.

"Net Avoidance Recoveries" means all net proceeds realized from proceedings commenced pursuant to Sec. 544, 547, 548, 549 and 550 of the Code.

B. Undefined Terms. A term used in the Plan and not defined herein but that is defined in the Bankruptcy Code has the meaning assigned to the term in the Bankruptcy Code.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

All Allowed Claims against, and Allowed Interests in, the Debtor is placed in the following classes. Any claim or interest properly includable in more than one class is in a class to the extent it qualifies within the description of such class and in a different class to the extent it qualifies within such different class.

ARTICLE III
TREATMENT OF CERTAIN UNCLASSIFIED CLAIMS

Allowed Claims that are not classified shall be treated as follows:

1. Each entity entitled to payment of an Administrative Expense under Section 507(a)(1) of the Bankruptcy Code shall receive cash in the full amount thereof (i) on or as soon as practical after, the later of the Effective Date or the date upon which it is Allowed; or (ii) at the option of the Debtor, in accordance with ordinary business terms with respect to the payment of such expenses. Notwithstanding the foregoing, the Debtor may agree with any professional or other entity entitled to an Administrative Expense to defer or compromise its payments or claims. Upon final approval of the Bankruptcy Court, the terms of the deferral or compromise shall be automatically incorporated in the Plan and become a part hereof.
2. Post-petition Claims incurred in the ordinary course of Debtor's business will be paid as such claims become due or as otherwise agreed upon between each claimant and Debtor.
3. Executory contracts or unexpired leases assumed by Debtor during the Chapter 11 case will be paid according to the terms of the contracts or leases, or according to the terms of any other Order of the Court approving assumption of such contract or lease.
4. Fees payable by the Debtor under 28 U.S.C. Section 1930 shall be paid in full on the Effective Date and thereafter as and when due until the Chapter 11 case is closed, dismissed or converted. After confirmation, the Debtor shall submit quarterly operating reports to the United States Trustee each quarter (or portion thereof) until the Chapter 11 case is closed, dismissed or converted. Such reports shall be in the format prescribed by the United States Trustee.

ARTICLE IV DESIGNATION AND TREATMENT OF IMPAIRED CLASSES

Some of the classes are impaired under the Plan. In the event a controversy arises as to whether any classes of Claims is impaired under the Plan, the Bankruptcy Court, after notice and an opportunity for a hearing, shall resolve such controversy. All impaired classes of Claims shall receive the distribution set forth in Articles I through IV on account of and in complete satisfaction of all Claims against the Debtor, and shall have no further rights or remedies against the Debtor, or any of his assets or properties, except as specifically set forth in the Plan.

ADMINISTRATIVE CLAIMS

Class 1: Class 1 consists is the allowed priority claim under 11 U.S.C. Section 507(a)(3), (a)(4), (a)(5), (a)(6) and (a)(7) of the Bankruptcy Code in said claims shall be paid as allowed on

confirmation or as otherwise agreed between the Claimant and the Debtor.

SECURED CLAIMS

Class 2: Class 2 is the secured claim of Community Bank of Red River Valley in the amount of \$102,000.00. This claim is secured by the Debtor's farm real estate. The Bank shall retain its real estate mortgage and shall be paid its secured claim amortized over 20 years with a rate of six percent (6%) with annual amortized payments of \$8,892.00 commencing December 1, 2004, and continuing on the 1st day of December thereafter until paid in full. The interest rate shall be adjusted on July 1, 2007 to the Prime Rate as stated in the Minneapolis Star Tribune plus two percent (2%). Payments will commence on the reamortized obligation on December 1, 2007 and the monthly payments shall be adjusted to reflect the interest rate change. The Debtor may convey this land subject to the claims of the Bank to a third party without incurring a default under the terms of this Plan.

Class 3. Class 3 is the secured claim of Volvo Commercial. This claim shall be divided into three subclasses, which are as follows:

- a. **Class 3(a).** This is Contract #500-5047335-001 and is secured by the following collateral:

1998 Volvo VNL64T420 Vin #4VG7DDGH4WN739994
1998 Volvo VNL64T420 Vin #4VG7DDGHXWN73997
2000 Timpfe Hopper Vin #1TDH422261B099950

Volvo's current secured claim is \$33,331.30 as of the date of filing, 2004 and this debt continues to accrue interest at the rate of \$9.10 per day. The Debtor proposes to sell the collateral for more than Volvo's secured debt within 45 days of Confirmation. This claim will then be paid in full within 45 days of Confirmation.

- b. **Class 3(b).** This is Contract #500-5047335-02 and is secured by the following collateral:

1998 Volvo VNL64T610 Vin #4VG7DBGHXWN751782

Volvo's current secured claim is \$9,546.00 as of the date of filing, 2004 and this debt continues to accrue interest at the rate of \$2.57 per day. The Debtor proposes to sell the collateral for more than Volvo's secured debt within 45 days of Confirmation. This claim will then be paid in full within 45 days of Confirmation.

Class 4. Class 4 is the secured claim of Red Lake County taxes payable in 2003. Red Lake County shall retain its security interest in the real estate as provided by Statute, and shall be paid its allowed secured claim by amortizing \$2,802 over ten years with interest at the rate of six (6) percent

per annum commencing on February 3, 2004, with annual payments of \$380 due December 15, 2004, and the 15th day of each December thereafter until paid in full.

Class 5. Class 5 is the claim of Dan Juneau. Juneau shall retain his real estate mortgage on the grain site and shall be paid his allowed secured claim of \$150,000.00 from the sale of the Tilden bin site.

Class 6. Class 6 is the secured claim of Clayton Drake. Drake has a secured claim in the amount of \$1,000.00. This claim will be paid in full within 45 days of confirmation, from the proceeds of the sale of Drake's collateral.

Class 7. Class 7 is the claim of Ron and Jeanne Guttu. Guttus shall retain their Contract for Deed interest in the Debtor's homestead and shall be paid their allowed secured claim of \$158,269.69 amortized over 15 years with interest at the rate of 6.5% per annum from September 1, 2004 with monthly payments of \$1,100.00 due commencing September 1, 2004 and on the 1st day of each month thereafter until July 1, 2006 when the entire balance shall be paid in full.

Class 8. Class 8 is the mechanic's lien of Larson Repair in the Debtor's 1974 Wilson flat floor grain trailer, 1973 Timpfe flat floor grain trailer and the 1998 Wilson hopper trailer, in the amount of \$6,000. Said claim shall be paid from the proceeds of the sale of collateral on the Effective Date.

Class 9. Class 9 is the mechanic's lien claim of Highway 2 & 59 in the Debtor's 1993 Volvo Truck, 1991 Wilson hopper bottom, in the amount of \$4,000. Said claim shall be paid from the proceeds of the sale of the collateral on the Effective Date.

UNSECURED CLAIMS.

Class 10. Class 10 shall consist of all allowed unsecured claims against the Debtor. Each holder of an allowed unsecured claim shall receive a pro rata distribution of cash from the Liquidation Proceeds realized from the sale, disposition and liquidation of all of the non-exempt assets of the Debtor. This includes the non-exempt cash value of the Debtor's life insurance policy. In addition, the unsecured creditors shall receive the net proceeds realized from proceeds from adversary proceedings commenced by the Debtor pursuant to Section 544, 547, 548, 549 or 550 of the Bankruptcy Code.

10a. If the Debtor fails to make a payment to unsecured creditors as provided in this section, an interested party may provide written notice of default to the Debtor and his attorney. The notice of default shall identify the default, state the action necessary to cure the default and shall identify the deadline for curing the default. If the Debtor disputes that he is in default, he may seek an Order from the Polk County District Court to

determine whether a default exists or whether the default was cured. The Debtor must assert this defense at the time the Court hears the Application for a Receiver.

10b. To provide assurance to Unsecured Creditors that payments will be made in a timely fashion, the Debtor agrees that if he does not pay as set forth above, an Independent Receiver shall be appointed by the District Court for Polk County, State of Minnesota pursuant to Minnesota Statutes who shall take possession of the non-exempt assets and dispose of them as provided by law. The Debtor shall to execute any and all documents necessary to facilitate said transaction. Any unsecured creditor may make an application for a Receiver as provided herein in the event of a default. The Debtor's sole defense shall be that he is not in default under the terms of this Plan.

ARTICLE V GENERAL PROVISIONS

1. Payments under this Plan will be made by check, mailed with first class postage prepaid, to the Claimant at the address listed on its Proof of Claim or, if no Proof of Claim has been filed by the date of the hearing on confirmation, to the address listed on the Debtor's bankruptcy schedules.
2. Debtor reserves the right to designate the application of any payment on a Claim under this Plan.
3. Payments and other distributions under this Plan will be made as soon as practicable on or following the Effective Date, except as otherwise specified in this Plan.
4. In the event a payment is returned to Debtor unclaimed, with no indication of Claimant's forwarding address, Debtor will hold such payment for a period of six (6) months from the date of return. If not claimed by the Claimant by the end of that period, the payment shall become the property of Debtor.
5. Claims not timely filed will not participate in Distributions under this Plan and will be discharged under Bankruptcy Code 1141(d), unless otherwise ordered by the Court.
6. In the event this Plan is not confirmed under Bankruptcy Code 1129(a), Debtor requests that this Plan be confirmed under Bankruptcy Code Sec. 1129(b).

VI. ACCEPTANCE AND CONFIRMATION

In order to confirm the Plan, the Bankruptcy Court requires that the Bankruptcy Court make a series of determinations concerning the Plan, including: (i) that the Plan has classified creditor claims and membership Interests in a permissible manner; (ii) that the contents of the Plan comply with the technical requirements of Chapter 11 of the Bankruptcy Code; (iii) the Debtor has proposed the Plan in good faith; and (iv) that the Debtor's disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the bankruptcy case, as well as the identity, affiliations and compensations to be paid to all members, and other insiders.

The Debtor intends to seek rulings of the Bankruptcy Court at the hearing on Confirmation of the Plan that all of the above conditions have been met.

The Bankruptcy Code also requires that the Plan be accepted by the requisite votes of creditors, that the Plan be feasible, and that Confirmation of the Plan be in the best interest of all creditors. To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Therefore, even if the creditors of the Debtor accepts the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interests of Debtor's creditors before it may confirm the Plan. The classification, "best interest" and feasibility requirements of confirmation are discussed below.

ARTICLE VII MEANS FOR EXECUTION OF THE PLAN

The Debtor shall pay the pro rata share of the Liquidation Proceeds and the Net Avoidance Recovery remaining after payment in full to the holders of allowed Classes 1, 2, 3, 4, 6, 8 and 9 claimants, on the later of (a) the date on which all claims or cash claims of allowed claimants are resolved; (b) the date which all actions the Debtor deems appropriate which could result in Net Avoidance Recovery; or (c) six months following the Effective Date. The Debtor shall make a final calculation of the distribution to the holder of allowed claims in each Class, taking into account the resolution of disputed contested claims.

ARTICLE VIII EXECUTORY CONTRACTS

All executory contracts, except contracts previously accepted and the Conservation Reserve Program Contracts Conservation Reserve Program contracts #390 and #391 between Debtor and the United States Department of Agriculture, Red Lake County FSA Office, dated July 17, 1997 are hereby assumed. In addition, the following contracts are rejected:

NAME	DESCRIPTION
Andy Spaeth 1720 180 th Ave. Mahnomen MN 56557-9081	Corn contract – 20,000 bu. - .30 Mar 2004
Charles Bina 5851 115 th Ave. NE Lankin ND 58250-9431	Soybean contracts – 900 bu. @ \$6.70 Oral wheat contract 3,000 bu @ 3.50
Curt Amundson RR 3, Box 220 E. Grand Forks MN 56721	Wheat – 5,000 bu. @ \$3.85 5,000 bu. @ \$3.65 5,000 bu. @ \$3.62
Dahl Bros. RR 2, Box 28 Bejou MN 56516	Corn contract – 10,000 bu. @ \$2.20
Dan McNamee 1851 220 th Ave. Mahnomen MN 56557	Corn contracts for 2004 delivery 5,000 bu. @ \$2.25
Dan Vasek 12667 415 th Ave. NW E. Grand Forks MN 56721	Wheat contract
David Kirsch 1935 300 th St. Waubun MN 56589	Soybean contracts – 8,000 bu. @ 35x03 1,200 bu. @ \$6.22
David Kirsch 1935 300 th St. Waubun MN 56589	Corn contracts 20,000 bu. .30 H4 Jan-Mar 2004 10,000 bu. .4023 Oct-Dec 2004
Dean Carlson Kennedy MN 56733	Wheat – 30,000 bu. @ \$3.64
Donavon Dyrdal 13142 180 th St. NW Thief River Falls MN 56701	Soybean contracts – 3,000 bu. @ \$6.00
Driscoll-O'Leary 40580 170 th Street SW East Grand Forks MN 56721	Wheat 5,000 bu. @ \$3.75 10,000 bu. @ \$3.65 10,000 bu. @ \$3.054 10,000 bu. @ \$3.725 10,000 bu. @ \$4.04
John Erickson 11944 Center St. W. St. Hilaire MN 56754	wheat 5,000 bu. @ \$3.70 wheat 4,000 bu. @ \$3.85
Garske Elevator 121 Garske Street Webster ND 58382	Barley contracts 32,000 bu. @ \$2.00 – 9/24/03 1 VOM feet barley oral
KO-R Farms c/o Albert Kovar RR 2 E. Grand Forks MN 56721	Soybean contract – 3,500 bu. @ \$6.40
Marlowe Coulthart 15417 79 th Street NE Drayton ND 58225	Barley contracts – 9,500 bu. @ \$2.45 9/11/03 wheat – 10,000 bu. @ \$3.70 Feb. delay
Matt & Dan McCollum 600 First Street Bejou MN 56516	Corn contracts

Peavy 4256 54 th Ave. N. Grand Forks ND 58401	15,000 bu. wheat at \$3.70; 2,000 beans at \$6.90 grain to be delivered
Red Lake County FSA Rt 1, Box 34 Red Lake Falls MN 56750	a) 73.3 acres in CRP (approx.) \$44/acre annual payment b) 236.3 in CRP at \$44/acre annual rent
MN State FSA Office 375 Jackson, Suite 400 St. Paul MN 51105	
Roger Hagen 13929 State Hwy 220 SW E. Grand Forks MN 56721	Wheat – 5,000 bu. @ \$3.80
Ron Lancot RR 3 Crookston MN 56716	Soybean contract – 332 bu. @ \$6.70 Wheat contracts – 2,187 bu. @ \$315; 2,500 bu. @ \$3.50; 6,000 bu. @ \$3.50
Ron Salentine 24406 120 th St. SW Euclid MN 56722	Wheat contract
Steve Kahlbaugh 2450 160 th Ave. Mahnomon MN 56557	Open corn contracts – 10,000 bu. @ \$2.10 Jan-Mar 2004
Steve Kovar 12501 420 th Ave. NW E. Grand Forks MN 56721	Soybean contract – 900 bu. @ \$7.00
Thompson Bros. c/o Melvin Thompson 324 Co. Rd. 1 Bejou MN 56516	Wheat contract
Todd Brule 24054 170 th Ave. SW Crookston MN 56716	Soybean contracts
Tri-Mack Highway 2 East E. Grand Forks MN 56721	Wheat contract
Wald Bros. c/o Tom Wald 38412 US Hwy 2 E. Grand Forks MN 56721	Wheat contract
Wayne Cummins HC 3, Box 29A Karlstad MN 56732	Barley contracts 12,000 bu @ \$2.45 oral 9/2/03
Alchem Clifford ND 58016	Contract to sell 20,000 bu. corn
Dale Jeffery 43580 150 th St. SW E. Grand Forks MN 56721	Lease – 11 bins
Mike Conneran 48 Sloping Hills Cove Grand Forks ND 58201	Lease – 3 bins

Pete Anderson RR Fisher MN 56723	Lease of 4 bins
R. D. Offutt Co. P.O. Box 464 E. Grand Forks MN 56721	Office lease; Lease of real estate bins are located on
RDO Financial P.O. Box 6229 Carol Stream IL 60197	Lease of payloader
Richard Stengel 11172 390th Ave. NW Warren MN 56762	Lease – 4 bins
Walter Johnson RR Crookston MN 56716	Oral lease – 2 bins
Harlen Almen c/o Ralph F. Carter Moosbrugger, Carter & McDonagh 311 S. Fourth Street, Suite 101 Grand Forks ND 58201-4782	Oral lease – Red Lake County Real Estate

The Court shall determine the dollar amount, if any, of the claim of an entity claiming damages by rejection of any executory contracts, provided such entity files a Proof of Claim by the effective date, and the Court shall determine any such objection to the extent that such damages are determined by Final Order of the Court, such entity shall become a Class 8 member. Any entity which has a claim for rejection of an executory contract and does not file a Proof of Claim therefore on or before the effective date shall not receive any distribution under the Plan and shall be forever barred from asserting any claim against the Debtor, the reorganized Debtor or the property of the Estate.

ARTICLE VIX DISCHARGE

Except as otherwise provided in the Plan or in any confirmation order, entry of the Confirmation Order acts as a discharge effective as of the Effective Date of any and all Claims of the Debtor and all liens and encumbrances on property of the Debtor that arose at any time before the entry of the Confirmation Order including, but not limited to, all principal and any and all interest accrued thereon, pursuant to 1141(d)(1) of the Bankruptcy Code and of all liens and encumbrances against the property of Debtor. Confirmation of the Debtor's Plan shall constitute a complete waiver, release and satisfaction of all Claims and Interests of all creditors against Debtor except as provided in this Plan. The Discharge of Debtor shall be effective as to each Claim, regardless of whether a Proof of Claim therefore was filed, whether the Claim is an Allowed Claim, Allowed Secured Claim, Allowed Priority Claim, or whether the holder thereof votes to accept the Plan.

ARTICLE X
REVESTING AND MODIFICATION OF PLAN

Except as provided for in the Plan, in the Confirmation Order, on the Effective Date the reorganized Debtor shall be vested with full ownership of and dominion over Debtor's property and assets free and clear of all Claims, liens, charges and other interests of creditors arising prior to the Filing Date. It is intended that the only assets the Debtor will retain are exempt assets, which do not constitute property of the Estate.

Debtor may amend or modify this Plan in a manner provided for under Bankruptcy Code 1127(a) or (b). Debtor shall give notice of any proposed modification to counsel for the Committee and to the United States Trustee and to any other parties designated by the Court. Debtor also reserves the right to make such modifications at any hearings on confirmation as are necessary to permit this Plan to be confirmed under Bankruptcy Code Section 1129(b).

ARTICLE XI
RETENTION OF JURISDICTION

The Bankruptcy Court retain jurisdiction of the Debtor and its operation subsequent to the Confirmation Date of the Plan for the purpose of allowing Claims and hearing objections, if any, thereto, for estimating any contingent or unliquidated Claims, for conducting adversary proceedings with respect to property identified herein, including preference actions, for the purpose of determining or resolving any defaults, disputes, ambiguity, or other similar matters under this Plan, and for the purpose of approving Administrative Expenses.

Dated this 9th day of August, 2004.

Daniel S. Miller
Daniel S. Miller

FLUEGEL, HELSETH, MCLAUGHLIN,
ANDERSON & BRUTLAG, CHARTERED

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